by GENEVIEVE B. WIMSATT

Business Expects Plant and Equipment Expansion and Larger Sales in 1964

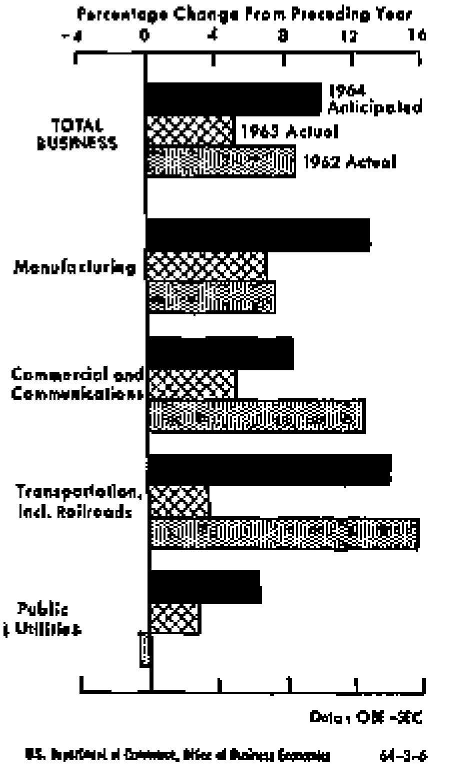
BUSINESSMEN anticipate spending a record of $43.2 billion for new plant and equipment in 1964, a 10 percent increase over 1963. Current capital budgets provide for a rising trend in outlays through the year with the projected rate in the final half of this year almost one-tenth higher than a year earlier. Associated with these investment plans are expectations of 1964 sales well in excess of the record 1963 results.[1]

The expected rise in investment rests upon a broad industrial base. All major lines of business, except mining, anticipate record outlays in 1964—generally substantially above 1963. Increases range from 6 percent for utilities to one-fourth for the railroads. Manufacturers are projecting an advance of 13 percent; communications and commercial firms, 8 percent (see chart). Mining companies now plan to spend about as much this year as last.

If the programs as now outlined are carried out—and both the favorable current business environment and the large carryover of uncompleted investment projects at the beginning of this year (discussed later) strongly suggest that they will be—the recent investment expansion that started in mid-1961 will have lasted 3½ years. This would exceed the 1955–57 advance in duration, and would about match its degree of rise measured in physical volume though not in current dollar terms. In the current expansion expenditures for new plant and equipment increased 9 percent from the cyclical low in 1961 to 1962, slowed down with a 5 percent advance in 1963 as the recovery matured, and are now programed to move up again at an accelerated pace.

While the forces which influence investment are extremely complex and not easily measurable, there is little doubt that the general background for investment currently is distinctly favorable. Sales and profits achieved successive new highs each quarter last year, and internal funds became available in unprecedented amounts, not only through the expansion in retained earnings but also through the accelerated depreciation rates of the new guidelines and the investment tax credit. A further sizable contribution to cash flow in 1964 will be made by the recent reduction in corporate tax rates.

Most Industries Accelerate Capital Spending Rates; Total Outlays Programed at Record $43 Billion



More importantly from an investment point of view, the cut in individual taxes will increase overall demand to ensure a more adequate utilization of existing capacity, and is likely to cause businessmen to revise upward their evaluation of prospective plant and equipment requirements. In addition, the cuts in business tax rates *per se* enlarge the expected net return on business investment so that many previously postponed projects would now appear attractive.

The investment programs now outlined for 1964 will be a substantial stimulant to business activity this year. Most directly affected will be the equipment-producing industries and their suppliers, where the inflow of new orders has risen in recent months to record levels. Industrial construction contracts also are at new highs.

A few findings in the current survey suggest a renewed emphasis on capacity-increasing expenditures. First, the very size of the projected 1964 expenditure can result in a much more significant rise in capacity than realized in any year since 1957. Also suggestive is the fact, discussed more fully

1. These and other findings discussed in this article are based upon reports filed by business firms in February 1964 in the regular investment surveys conducted by the Office of Business Economics and the Securities and Exchange Commission.

below, that manufacturing firms holding about one-half of gross capital assets report the need of at least some additional capacity to meet their prospective 1964 sales volume.

Realization of 1963 programs

Actual expenditures in 1963 were unusually close to projections made at this time last year—$39.2 billion as against an expected $39.1 billion. Capital spending programs in manufacturing, mining, and public utilities were closely realized. The railroads and the nonrail transportation group spent more than originally planned—14 percent and 4 percent, respectively. Actual outlays by commercial firms were slightly under anticipations made in February 1963.

Actual expenditures in the fourth quarter of 1963 exceeded plans made in November by somewhat over 1 percent. Anticipations for the first and second quarters of this year have also been raised from those reported 3 months earlier. Most lines of business either exceeded or equaled outlays anticipated in November.

Table 1.—Percent Changes in Plant and Equipment Expenditures, 1962–64

	1962–63		1963–64
	Anticipated	Actual	Anticipated
All industries [1]	6	5	10
Manufacturing [1]	7	7	13
Durable goods industries [1]	11	12	14
Primary metals	16	17	24
Machinery	−4	−1	2
Transportation equipment	2	22	10
Stone, clay, and glass	0	6	11
Nondurable goods industries [1]	3	2	12
Food and beverage	0	2	5
Textile	17	6	27
Paper	8	0	33
Chemical	8	3	9
Petroleum and coal	−4	3	12
Mining	−9	−3	−1
Railroad	13	39	25
Transportation other than rail	−11	−7	8
Public utilities	3	3	0
Communications	4	4	6
Commercial and other	6	6	

1. Includes industries not shown separately.

Source: U.S. Department of Commerce, Office of Business Economics, and Securities and Exchange Commission.

Rising 1964 trends widespread

Capital expenditures are expected to be at a seasonally adjusted annual rate of $41¼ billion in the first quarter—or about the same as actual outlays in late 1963. Spending in the second quarter is slated to rise 4 percent to $42¾ billion, and to increase further to a $44½ billion rate in the second half of the year.

Among most major lines of business there is a recurrent pattern in the rate of investment during 1964: little change in the opening quarter, followed by successive increases in the second quarter and in the second half of 1964. Exceptions are nonrail transportation and mining companies, whose outlays in the second half are now scheduled to be somewhat lower than in the first 6 months of 1964. Within manufacturing, only the transportation equipment, electrical machinery, and food industries do not now show further increases in the second half of this year.

Manufacturing investment strong

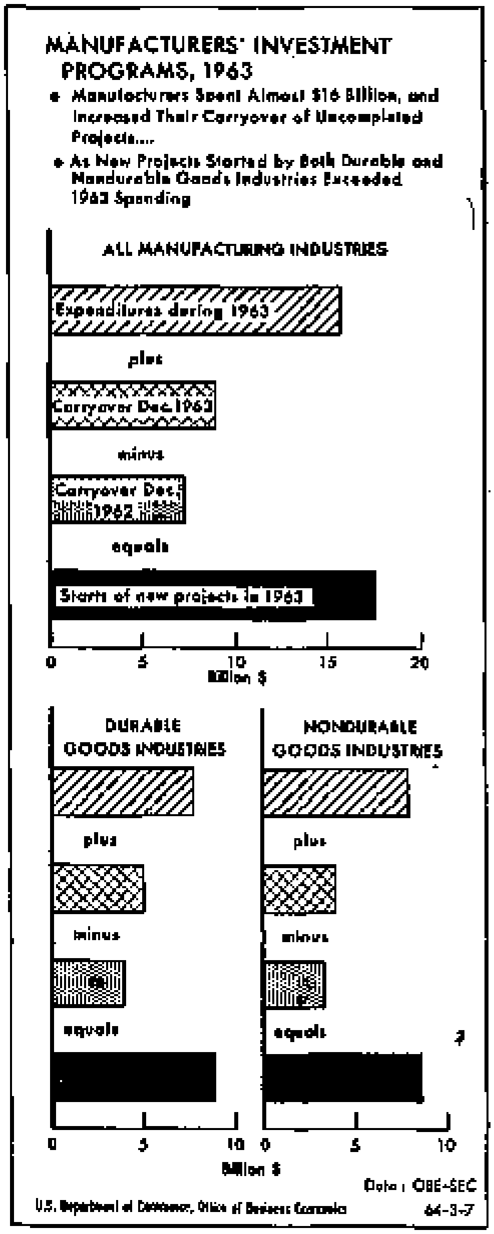
Manufacturers spent $15.7 billion for new plant and equipment in 1963, $1 billion more than in 1962. This year they expect to spend $17.7 billion to top the 1957 dollar record by more than $1½ billion. Equipment and construction prices have advanced over the period, however, so that the volume of new capital goods to be put in place this year is probably about the same as in the boom year 1957.

Since 1961, the rise in investment in durable goods manufacturing has been relatively larger than in most other major sectors. This year expenditures are projected at $9 billion, 14 percent higher than in 1963; outlays had risen 12 percent in each of the two preceding years. These industries had made very sharp cutbacks in capital spending in 1958 and had shown the weakest expansion in 1959–60.

Expenditures for new plant and equipment by heavy goods producers are expected to rise nearly one-tenth from the first to the second quarter of 1964 to a seasonally adjusted annual rate of $9 billion. A more moderate advance is anticipated during the second half of 1964. If achieved, the $9.3 billion seasonally adjusted annual rate at that time would be 14 percent above the second half of 1963.

Leaders in investment among the durable goods industries, both in 1963 and 1964, are the iron and steel and motor vehicle industries—although in neither case will 1956–57 records be exceeded. Capital expenditures in 1963 by steel companies increased one-eighth over 1962, and are now expected to rise one-fourth this year to a total of almost $1.6 billion. Steel companies account for a large share of the projected spending rise by all durable goods companies from the second quarter to the second half of this year.

The motor vehicle industry is anticipating higher outlays in the first quarter of this year than in the fourth quarter of 1963. By the second quarter, seasonally adjusted spending is expected to come close to an annual rate of $1¼ billion, and to remain at this rate in the



second half of 1964. Total expected outlays for this year as a whole would be one-fifth higher than in 1963, following an increase of one-fourth from 1962 to 1963.

Plant and equipment expenditures of nonelectrical machinery companies are now programed to increase 8 percent to $1⅛ billion in 1964, after a slight reduction in 1963. Such spending would equal the previous high, and is apparently a response to the large inflow of machinery orders in recent months.

In contrast, electrcial machinery producers are planning lower outlays this year than last. This industry ran counter to the general investment trends in the 1959–61 period when it had substantially expanded its expenditures in order to meet the upsurge in demand for newly developed electronic components and systems. The lowered sights for 1964 in this industry and in nonautomotive transportation equipment may reflect changes in defense spending programs.

Nondurable goods producers, as a group, are programing a 12 percent increase in expenditures from 1963 to 1964—only slightly less than that in the durables. Last year spending by the soft goods industries expanded by only 2 percent to $7.8 billion. Outlays are expected to rise moderately in both the first and second quarters of this year, and more substantially in the final half of 1964.

The pickup in nondurable goods investment this year, particularly in the second half, is characteristic of many of the component industries. The largest relative advances—more than one-fourth—are programed by paper and textile companies, and would bring outlays to new records in both industries.

Increases of one-tenth in capital expenditures are now planned by both the chemical and petroleum processing industries. 1964 expenditures at $1¾ billion and $3¼ billion, respectively, would be a little under previous highs. Outlays by chemical producers had declined sharply from 1961 to 1962 and advanced a moderate 3 percent last year as capacity had outrun demand for many of the industry's products. New processes and new products are important factors in the 1964 projected rise. As can be seen in table 2, the expected rise in petroleum company spending is due to exceptionally large increases for refining and transportation facilities. Declines are expected in marketing, production, and other types of investment.

Food and beverage manufacturers expect outlays to rise 5 percent. This industry had expanded investment in the 1960–61 period contrary to the general investment trend, and has been showing a rather sustained upward movement in plant and equipment expenditures since 1958.

Table 2.—Petroleum Industry Plant and Equipment Expenditures, by Function 1963 and Anticipated 1964

	1963		1964	1963–64
	Anticipated	Actual	Anticipated	Percent change
	(Billions of dollars)			
Total	2.88	2.92	3.24	11
Production	1.70	1.79	1.74	−3
Transportation	.11	.10	.21	110
Refining and petrochemicals	.44	.30	.55	83
Marketing	.51	.56	.52	−7
Other	.13	.12	.11	−8

Source: U.S. Department of Commerce, Office of Business Economics and Securities and Exchange Commission.

An Evaluation of Current Capacity

Each manufacturing company in the current survey was asked: "Taking into account your company's current and prospective sales for 1964 how would you characterize your December 31, 1963 plant and equipment facilities: —more plant and equipment needed; —about adequate; —existing plant and equipment exceeds needs"? In all questions concerning industrial capacity, there are very difficult definitional problems—including those on product-mix, number of hours or shifts, and cost relationships associated with the use of facilities of varying ages and efficiencies—which make measurement of capacity and of capacity utilization extremely difficult. It was hoped that the present inquiry, which required only a qualitative answer, would elicit a larger response, although it does not, of course, permit a quantitative estimate of how much yearend 1963 capacity exceeded or fell short of requirements in 1964.

The survey results are shown in table 3 in terms of the distribution of firms by number and by gross capital assets. It is probable that the most fruitful results of the question may come from comparisons over time as later surveys are completed. Without an attempt at a detailed interpretation at this time, some interesting highlights emerge. Almost one-third of the companies, accounting for just under 50 percent of the total capital assets in manufacturing, indicated that their facilities at the end of 1963 were inadequate to meet their needs in 1964; 60 percent of the firms with 44

Table 3.—Manufacturers' Evaluation of Their Capacity, December 31, 1963

[Percent distributions] [1]

	Number of firms				Gross capital assets			
	Total	More plant and equipment needed	About adequate	Existing plant and equipment exceeds needs	Total	More plant and equipment needed	About adequate	Existing plant and equipment exceeds needs
All manufacturing	100	32	60	9	100	49	44	7
Durable goods	100	32	60	8	100	52	34	14
Primary metals	100	36	54	10	100	54	22	24
Electrical machinery	100	33	55	12	100	49	11	40
Machinery excluding electrical	100	32	60	8	100	20	76	4
Transportation equipment	100	30	64	6	100	62	36	3
Stone, clay, and glass	100	33	50	17	100	54	24	22
Nondurable goods	100	33	60	8	100	46	53	1
Food and beverage	100	28	59	13	100	40	54	6
Textile	100	24	67	10	100	43	55	2
Paper	100	40	45	15	100	62	33	5
Chemical	100	37	59	4	100	63	37	(2)
Petroleum and coal	100	38	57	5	100	38	62	(2)

1. According to respondent companies' characterizations of their plant and equipment facilities on December 31, 1963, taking into account their current and prospective sales for 1964.
2. Less than 0.5.

Source: U.S. Department of Commerce, Office of Business Economics and Securities and Exchange Commission.

percent of the assets considered their facilities about adequate. Thus less than 10 percent of the firms (with 7 percent of assets) felt that existing capacity exceeded their needs.

Manufacturing companies evaluating their present facilities as inadequate for 1964 prospective sales were on the average the larger firms in terms of capital assets. Firms reporting their existing plant and equipment as about adequate, on the other hand, were the smaller firms on balance. The results for durable and nondurable goods producers were similar to those for all manufacturing firms. (See table.)

Table 4.—Carryover of Plant and Equipment Projects, Manufacturing and Public Utilities [1]

[Billions of dollars]

	1962	1963			
	Dec.	March	June	Sept.	Dec.
	(End-of period)				
Manufacturing	7.21	8.61	9.00	9.16	9.08
Durable goods	3.98	4.84	5.16	5.25	5.05
Primary metals	1.66	1.07	2.08	2.27	2.33
Electrical machinery	.33	.37	.36	.33	.32
Machinery excluding electrical	.25	.50	.46	.40	.31
Transportation equipment	.97	2.30	1.40	1.27	1.36
Stone, clay, and glass	.31	.32	.30	.33	.20
Nondurable goods	3.23	3.78	3.84	3.94	4.03
Food and beverage	.34	.42	.41	.30	.41
Textile	.17	.16	.15	.14	.20
Paper	.39	.62	.54	.61	.60
Chemical	1.03	1.01	1.01	1.11	1.03
Petroleum and coal	1.03	1.32	1.40	1.41	1.50
Public utilities	5.07	6.13	6.40	5.88	5.40

1. Carryover refers to expenditures yet to be incurred on projects already underway.

Source: U.S. Department of Commerce, Office of Business Economics and Securities and Exchange Commission.

A tabulation was made breaking down actual capital expenditures in 1963 and anticipated expenditures in 1964, according to the response to the adequacy-of-capacity question. It was found that among both durable and nondurable goods companies, those reporting their 1963 capacity as inadequate plan the largest relative increases in spending from 1963 to 1964.

In considering these new statistics, it should be stressed that the fact that large numbers of companies with substantial capital assets report inadequate capacity does not necessarily mean that the amount of inadequacy is large. Also a company may find its capacity inadequate for only one of its products; or the inadequacy reported may apply to only one stage of the production processes; or capacity may be inadequate in some geographical area but not in others. Finally, it should be clear that the firms which report a need for more capacity for 1964 operations may now have available excess capacity that will be drawn into production as demand rises to the expected levels.

Nonmanufacturing Programs

The nonmanufacturing segment of the economy is also substantially increasing its investment schedules in 1964. Some $25½ billion is expected to be spent in the acquisition of new facilities this year. After a slight dip in the opening quarter of 1964, outlays are expected to rise throughout the remainder of the year.

For 1964, as in most of the post-World War II period, communications and commercial firms are in the forefront of the investment picture. Both groups increased expenditures last year by 5 percent to $3.8 billion and $10 billion, respectively. For 1964 the projected rise is 8 percent, with both groups reporting strong second half programs.

Within the commercial group there is, however, some diversity of investment expectations for this year. Both wholesale and retail trade firms are planning substantial increases in outlays for new facilities and equipment in 1964. Finance, construction, and service firms, on the other hand, are planning little change in expenditures from 1963.

While their expenditures are only a small part of the total, railroads have recently been reporting substantial increases in investment. Expectations of the industry are for a rise of one-fourth this year to $1.4 billion, after a 30-percent advance last year. Most of the increase is in equipment purchases, which will account for nearly four-fifths of total outlays, a higher proportion than in any previous postwar year. Unfilled orders for freight cars at the beginning of this year were almost twice as high as a year earlier.

Nonrail transportation companies anticipate outlays of more than $2 billion in 1964, 8 percent higher than in 1963. Spending for new facilities and equipment by this group last year had dropped below 1962. The rise for 1964 centers in the airlines, where large acquisitions of short-range jet passenger and jet cargo planes are being made. If delivery schedules are met, expenditures would be somewhat smaller in the second half than in the first half. Trucking firms are planning to hold 1964 outlays at about 1963 totals while other transportation companies are reducing expenditures from last year's rates.

The 5-year decline in public utilities expenditures for new facilities and equipment appears to have been halted with the 3 percent rise in actual outlays last year and the 6 percent increase projected for 1964. Spending would reach $6 billion under current programs—about 10 percent short of the $6.6 billion record in 1957. Both electric power and gas companies are contributing to the projected rise for 1964, and both groups anticipate continuing rises through the second half of the year.

Carryover of Plant and Equipment Projects

An additional inquiry on the "carryover" of plant and equipment projects has been asked in these regular quarterly surveys for the past year. The question asks the amount of expenditures at the end of each quarter yet to be incurred on plant and equip-

Table 5.—Starts of New Plant and Equipment Projects, Manufacturing and Public Utilities [1]

[Billions of dollars]

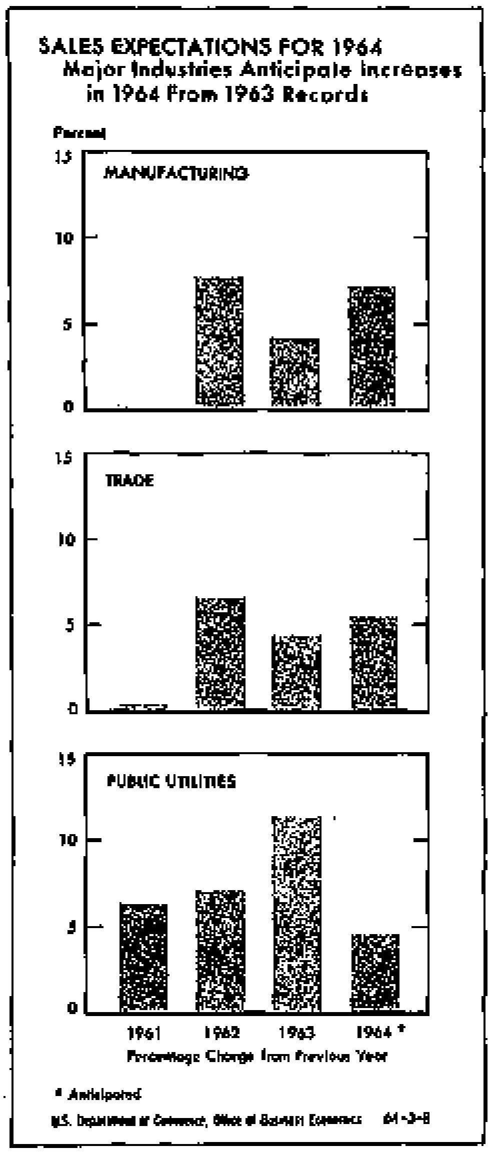
	1963				
	I	II	III	IV	Total
Manufacturing	4.65	4.30	4.13	4.42	17.50
Durable goods	2.47	2.27	2.06	2.12	8.91
Primary metals	.65	.51	.64	.40	2.22
Electrical machinery	.20	.17	.14	.18	.68
Machinery excluding electric	.50	.22	.21	.30	1.31
Transportation equipment	.55	.70	.30	.45	2.09
Stone, clay, and glass	.14	.14	.17	.14	.59
Nondurable goods	2.20	2.03	2.07	2.30	8.64
Food and beverage	.30	.25	.20	.29	1.04
Textile	.14	.17	.14	.23	.68
Paper	.30	.21	.24	.30	1.05
Chemical	.34	.39	.40	.38	1.51
Petroleum	.80	.78	.77	.06	1.20
Public utilities	2.10	1.67	.78	1.48	6.04

1. Starts are estimated by adding changes in carryover (see table 4) to expenditures during the given period.

Source: U.S. Department of Commerce, Office of Business Economics and Securities and Exchange Commission.

ment projects already underway. Data from the inquiry aid in the evaluation of the probable firmness of projected expenditures since projects underway are more likely to be completed than those for which commitments have not yet been made. Such data also make possible estimates of "starts" or new projects undertaken: Actual expenditures during the period, plus the amount of carryover at the end of the period minus the carryover at the beginning of the period equal the value of projects started during that period.

The new data for manufacturers and public utilities are presented in table 4. The quarterly information suggests a strong seasonal pattern but unfortunately it will be several years before such fluctuations can be quantified. Manufacturers reported in the current survey that the carryover of their new plant and equipment projects at the end of 1963 amounted to $9 billion. This amount was up $1.8 billion from the total reported at the end of 1962. With manufacturers spending $15.7 billion for new plant and equipment during 1963, the carryover rise of $1.8 billion over the year suggests that $17.5 billion in new projects were started by manufacturers last year. (See chart on page 9.)



Of the total carryover in manufacturing at the end of 1963, about $5 billion was due to durable goods producers and $4 billion to the nondurable goods group. Carryover rose about one-fourth from yearend 1962 for each group. Starts of new projects are estimated at $9 billion for the durable goods group and at $8½ billion for the nondurables. The rise in carryover for public utilities during 1963 was about $400 million. With actual expenditures at $5.6 billion in 1963 the total cost of new projects started during the year was about $6 billion.

Industries with the largest increases in carryover during 1963 are generally those projecting the largest rises in expenditures for 1964; there is also an association between cutbacks in investment programs and in carryover. For example, the steel, automobile, and paper industries reported increases in carryover of 40 percent or more, and, as noted earlier, these groups expect the largest relative rises in investment this year. Similarly, carryover declines in 1963 were reported by electrical machinery and the "other nondurable goods" group—both of which expect to spend less for new plant and equipment in 1964 than in 1963.

Manufacturers' carryover at the beginning of 1963 represented almost one-half of actual outlays during that year. The proportions were slightly higher for durables than for nondurables; industries whose plant and equipment requirements usually require long production periods characteristically had the higher ratios, as would be expected. In *public utilities* the carryover of $5.1 billion yields a ratio of almost one to one.

Plant and equipment projects carried over by durable and nondurable goods manufacturers to the beginning of 1964 relative to expected capital outlays in 1964 were each just over 10 percent higher than the ratios of beginning-of-1963 carryover to 1963 outlays. The corresponding ratio for the public utilities in 1964 was slightly higher than in 1963.

Record Sales Expected in 1964

In the plant and equipment survey during the opening quarter of each year respondents are asked to give a projection of their sales for that year. Responses received from manufacturers, trade firms, and the public utilities have provided usable estimates in the past—although it should be noted that sales are *less* subject to a company's control than are capital outlays. In 1963 manufacturers' actual sales rose 4 percent from 1962 totals; the projection had been for a 5 percent increase. Trade sales were up by 5 percent, almost the same as expectations, with wholesalers overestimating and retailers underestimating slightly. Public utilities, however, expected a 1963 rise of 5 percent, but actual revenues increased about one-tenth (see table).

Table 6.—Business Sales, Actual and Anticipated, 1962-64

[Percent change]

	1962–63		1963–64 Anticipated
	Anticipated	Actual	
Manufacturing industries [1]	4	4	6
Durable goods industries [1]	4	5	6
Primary metals	2	4	4
Electrical machinery	6	4	8
Machinery, except electrical	5	6	8
Transportation equipment	1	0	4
Stone, clay, and glass	4	1	7
Nondurable goods industries [1]	4	4	5
Food and beverage	4	6	5
Textile	2	0	6
Paper	5	3	7
Chemical	6	5	5
Petroleum	3	1	3
Trade	5	5	6
Retail	6	5	8
Wholesale	3	4	5
Public utilities	5	11	5

1. Includes industries not shown separately.

Source: U.S. Department of Commerce, Office of Business Economics and Securities and Exchange Commission.

The current survey finds that both manufacturers and trade firms expect somewhat larger gains in sales from 1963 to 1964 than they had experienced

Table 7.—Expenditures for New Plant and Equipment by U.S. Business,[1] 1962–64

[Billions of dollars]

	Annual			Quarterly, Unadjusted											Quarterly, Seasonally Adjusted at Annual Rates										
				1962				1963				1964			1962				1963				1964		
	1962	1963	1964[2]	I	II	III	IV	I	II	III	IV	I[2]	II[2]	2d half[2]	I	II	III	IV	I	II	III	IV	I[2]	II[2]	2d half[2]
All industries	37.31	39.22	43.19	8.62	9.58	9.02	10.18	8.29	9.74	10.14	11.09	9.16	10.99	23.05	35.70	36.25	38.35	37.95	36.95	38.06	40.00	41.20	43.25	42.70	44.45
Manufacturing industries	14.68	15.69	17.72	3.14	3.49	3.72	4.13	3.27	3.82	3.96	4.56	3.63	4.46	9.63	14.50	14.45	15.05	15.00	14.85	15.30	15.95	16.45	16.65	17.40	18.40
Durable goods industries	7.03	7.85	8.97	1.44	1.77	1.70	2.03	1.62	1.91	1.90	2.31	1.91	2.32	4.84	6.55	8.00	7.25	7.30	7.25	7.05	8.00	8.20	8.30	9.00	9.30
Primary iron and steel	1.10	1.24	1.56	.22	.28	.29	.31	.23	.30	.33	.30	.31	.30	.59	1.00	1.10	1.20	1.10	1.05	1.15	1.30	1.40	1.45	1.40	1.05
Primary nonferrous metal	.31	.41	.49	.00	.07	.08	.10	.01	.10	.19	.11	.10	.12	.26	.25	.30	.30	.36	.40	.40	.40	.40	.40	.46	.55
Electrical machinery and equipment	.08	.60	.62	.14	.16	.17	.21	.15	.18	.10	.20	.12	.14	.34	.70	.66	.05	.70	.70	.78	.06	.05	.09	.06	.59
Machinery, except electrical	1.27	1.24	1.35	.27	.33	.32	.35	.27	.35	.28	.30	.27	.34	.73	1.15	1.30	1.30	1.25	1.20	1.15	1.20	1.40	1.20	1.35	1.45
Motor vehicles and parts	.83	1.00	1.28	.17	.22	.22	.23	.19	.28	.20	.30	.25	.30	.05	.80	.64	.80	.64	.90	1.05	1.10	1.10	1.25	1.30	1.30
Transportation equipment, excluding motor vehicles	.47	.53	.47	.00	.11	.18	.16	.12	.13	.13	.10	.11	.12	.24	.40	.40	.50	.65	.50	.55	.50	.65	.50	.40	.45
Stone, clay and glass	.55	.61	.63	.12	.16	.14	.10	.13	.16	.15	.17	.14	.18	.30	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Other durable goods[3]	1.70	2.06	2.62	.38	.44	.44	.63	.44	.61	.51	.00	.59	.08	1.34	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Nondurable goods industries	7.65	7.84	8.75	1.09	1.92	1.93	2.10	1.06	1.95	1.01	2.26	1.84	2.13	4.78	7.00	7.60	7.80	7.70	7.60	7.06	8.00	8.10	8.36	8.40	9.10
Food and beverage	.90	.97	1.02	.22	.28	.24	.28	.22	.28	.25	.34	.25	.27	.60	.96	1.00	1.00	1.00	.95	.95	1.00	.95	1.05	1.00	1.00
Textile	.61	.64	.82	.13	.16	.16	.17	.16	.18	.16	.17	.10	.18	.47	.65	.60	.66	.65	.65	.65	.60	.65	.70	.70	.90
Paper	.72	.72	.90	.16	.18	.18	.20	.14	.18	.19	.21	.18	.22	.60	.70	.70	.70	.75	.65	.70	.75	.80	.80	.86	1.05
Chemical	1.50	1.61	1.76	.37	.40	.37	.43	.30	.49	.31	.47	.36	.43	.97	1.70	1.66	1.60	1.60	1.00	1.65	1.00	1.05	1.65	1.70	1.85
Petroleum and coal	2.88	2.02	3.24	.52	.00	.70	.80	.50	.79	.70	.67	.05	.75	1.60	2.65	2.70	3.10	2.85	2.80	2.60	3.00	3.05	3.10	3.10	3.35
Rubber	.23	.24	.27	.06	.00	.00	.00	.06	.06	.07	.07	.06	.06	.14	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Other nondurable goods[4]	.00	.73	.00	.14	.18	.10	.15	.16	.19	.18	.22	.17	.17	.30	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Mining	1.08	1.04	1.44	.26	.37	.28	.37	.24	.26	.37	.28	.34	.28	.63	1.10	1.01	1.10	1.00	1.04	1.00	1.05	1.05	1.05	1.10	1.00
Railroad	.86	1.10	1.38	.19	.30	.24	.30	.21	.25	.20	.33	.29	.41	.08	.70	.65	1.00	.60	.90	1.00	1.20	1.35	1.25	1.40	1.40
Transportation, other than rail	2.07	1.92	2.06	.47	.00	.60	.50	.39	.61	.48	.54	.43	.48	.90	2.05	2.25	2.00	1.80	1.70	2.05	1.80	2.10	2.15	2.45	1.90
Public utilities	5.48	5.65	6.01	1.00	1.37	1.64	1.82	1.04	1.60	1.60	1.61	1.12	1.51	3.37	5.15	5.40	4.75	5.45	5.30	5.45	5.90	5.80	5.70	6.00	6.35
Communication	3.63	3.73	14.98	.88	.93	.87	.03	.86	.95	.93	1.06	8.37	8.64	7.95	3.70	3.65	3.00	3.60	3.65	3.65	3.65	4.05	14.40	14.35	15.50
Commercial and other[5]	9.52	10.62		2.06	2.37	2.48	2.60	2.28	2.41	2.64	2.72				5.75	9.25	9.85	10.20	9.05	9.65	10.30	10.45			

1. Data exclude expenditures of agricultural business and outlays charged to current account.
2. Estimates are based on anticipated capital expenditures reported by business in February 1964. The estimates for 1964 have been adjusted when necessary for systematic tendencies in anticipatory data. The adjustment for each industry and time period is based on the median ratio of actual to anticipated expenditures for the past 6 years. However, no adjustment is made unless the anticipations have shown a bias in the same direction in at least 4 of the last 6 years and in at least two-thirds of all years since 1958. The only departure from this procedure is in the estimate for retail trade (in the second half 1964) where the sample may be inadequate and the suggested correction factor would yield an unusually large and unlikely figure.
3. Includes fabricated metal, lumber, furniture, instrument, ordnance, and miscellaneous industries.
4. Includes apparel, tobacco, leather, and printing-publishing.
5. Includes trade, service, finance, and construction.

NOTE: Details may not add to totals due to rounding. Data for earlier years were published in the June 1960, March 1958, 1960, 1961, 1962, and 1963 *Survey of Current Business*.

Sources: U.S. Department of Commerce, Office of Business Economics, and Securities and Exchange Commission.

from 1962 to 1963, while the public utilities do not expect to match last year's revenue rise.

Manufacturers project a 6 percent sales advance from 1963 to 1964. The expected 1964 sales volume suggests a rise of about 4 percent to 5 percent from the yearend 1963 rate. Durable goods producers expect a slightly larger rise in sales from 1963 to 1964 than the nondurable goods group—6 percent against 5 percent. Within durables electrical machinery, nonelectrical machinery, and stone, clay and glass industries are now expecting the largest advances. Among the nondurables the larger advances are anticipated by paper and textile companies.

Trade firms anticipate a sales advance of 6 percent from 1963 to 1964. This would imply a rise of 4 percent from the end-of-1963 sales rate. Wholesalers look forward to a little larger increase from 1963 to 1964 than do retailers. The public utilities, as they did last year, are projecting a 5 percent rise. The electric power companies are a little more optimistic than gas producers regarding revenue movements for this year.